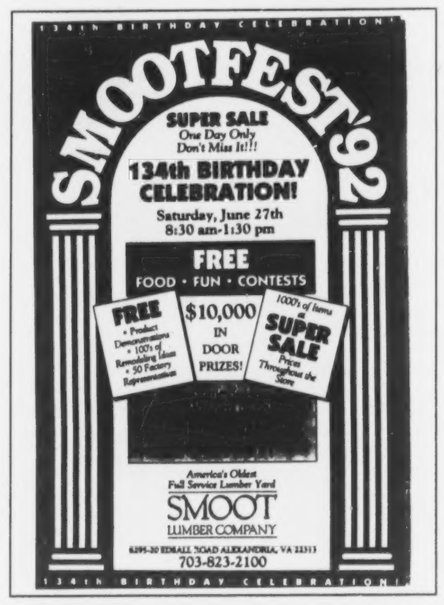
Buying groups can bolster aggressive stance

(Continued from page 32)
for its Michigan City unit, which is its biggest-volume store, Kabelin worked the bugs out of the system by installing the first systems in its 67,000-square-foot headquarters store and its 16,000-square-foot unit in the small town of Walkerton, Ind., says Corley.

Independent dealers that want to stay aggressive but reduce some of their risk often turn to their buying groups for support and for programs that have a proven track record.

For example, ServiStar Corp. sent a merchandising team to Frierson Building Supply's 7,000-square-foot store a few months ago to help the company get a better handle on its hardlines assortment that makes up a good chunk of the store's 15,860 skus, says Salter, the company's ad director.

Kabelin Home Centers is a big participant in Cotter & Co.'s advertising circular program, distributing 12 True Value and 12 V&S Variety circulars annually. At the co-op's urging, Kabelin also initiated a commercial sales program two years ago. Parker's, the Texas independent, has installed the Do-it store design concept from Hardware



Smoot Lumber goes all-out to be a welcoming place.

Wholesalers Inc., is sending out an HWI ad piece monthly and is following the co-op's variable pricing recommendations.

Paradoxically, the co-ops complain that too many independent dealers still cling to old-fashioned notions of autonomy by resisting closer ties to the buying groups as the way to remain competitive against big, well-financed chains.

Cost-cutting crucial

It remains to be seen how

Paradoxically, the co-ops complain that too many independent dealers still cling to old-fashioned notions of autonomy.

tightly independents are willing to latch themselves to their co-ops. But what is certain is that these dealers have got to find ways to remain aggressive and competitive in the market within the limited confines of their financial resources.

For example, Parker of Parker's Do-it complains that his company's future prosperity will depend on "containing expenses. Health insurance alone is killing us." At the same time, this October the company is scheduled to open its third store, a 20,000-square-foot unit, in Orange, Texas, that Parker estimates will cost around $750,000 to build and stock.

New store expansion isn't an option for most independents, which is why Carty of Butz Building Centers sees a less expensive course of action for growth that could serve as all independent dealers' mission.

"We've got to nurture our existing customer base," he says.

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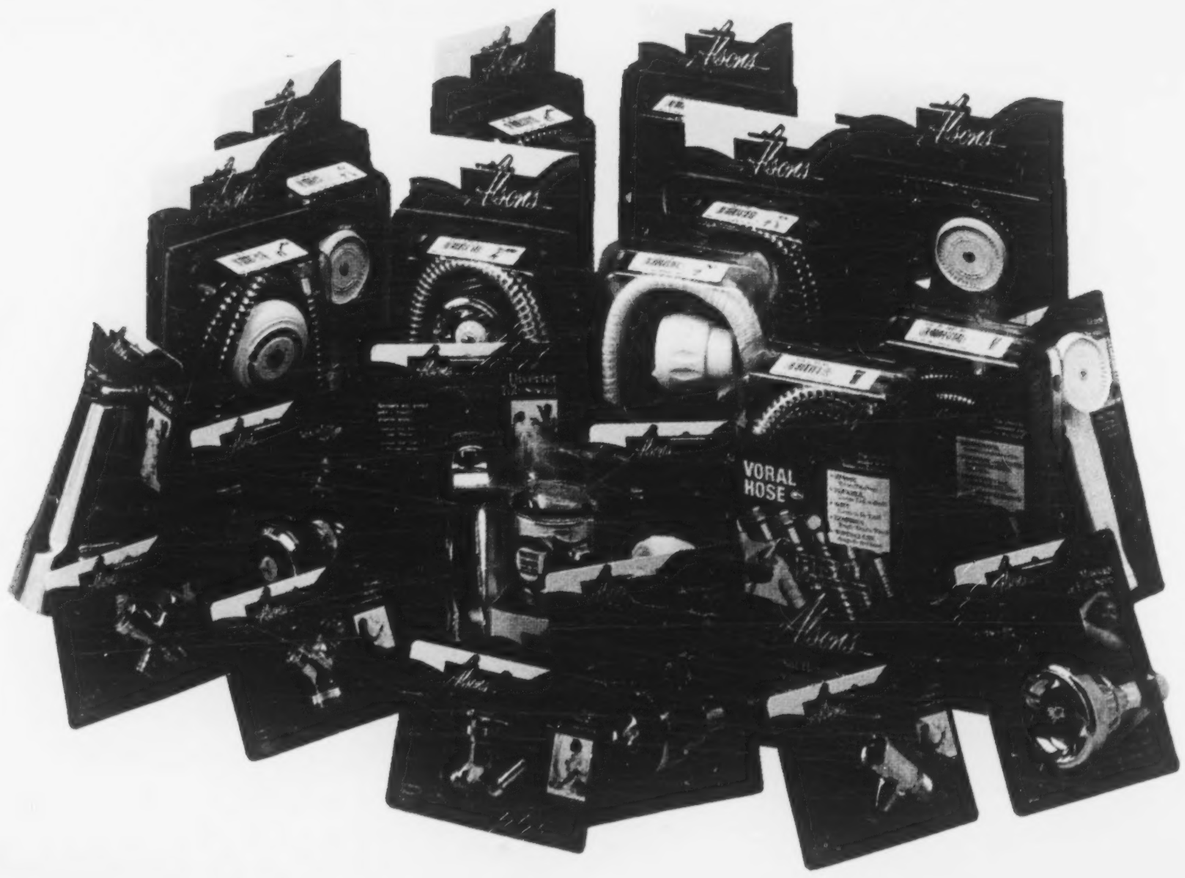

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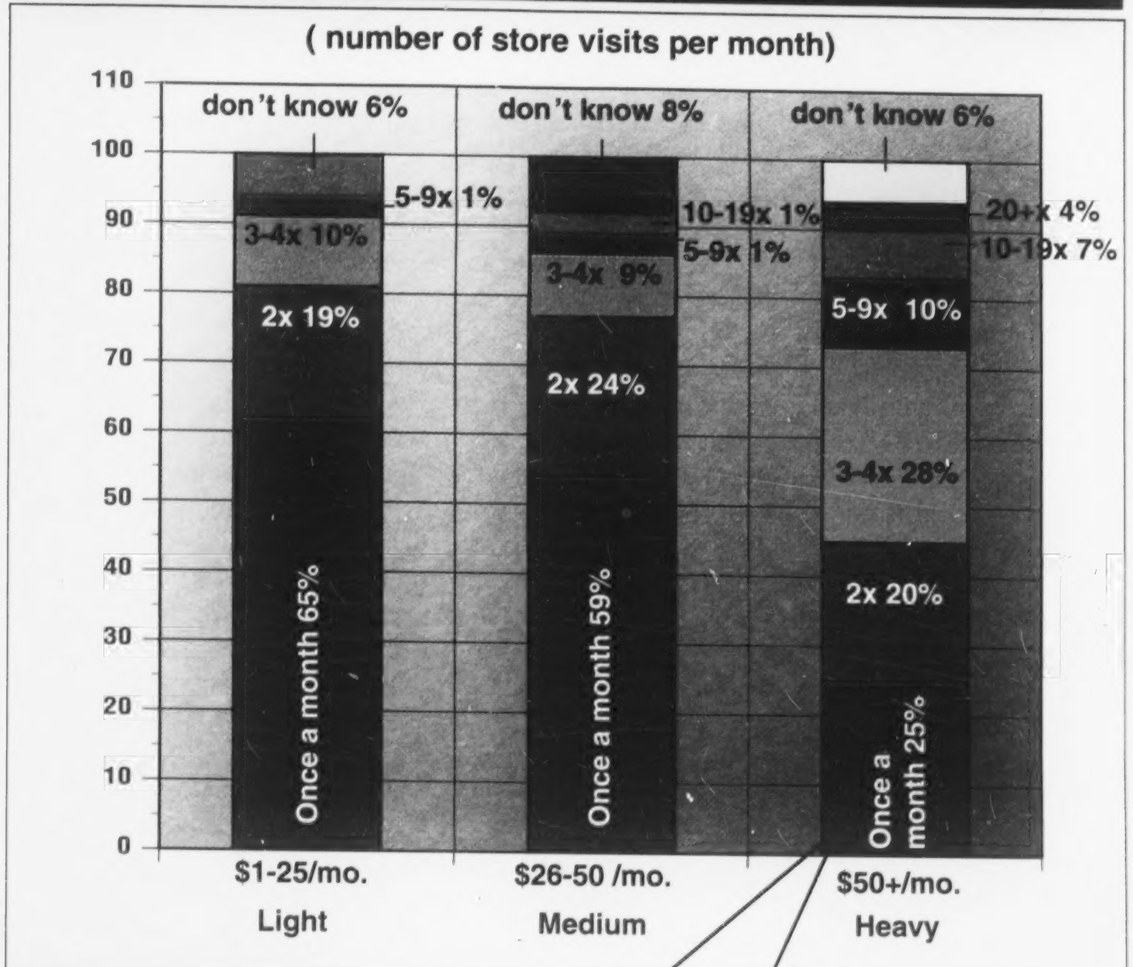
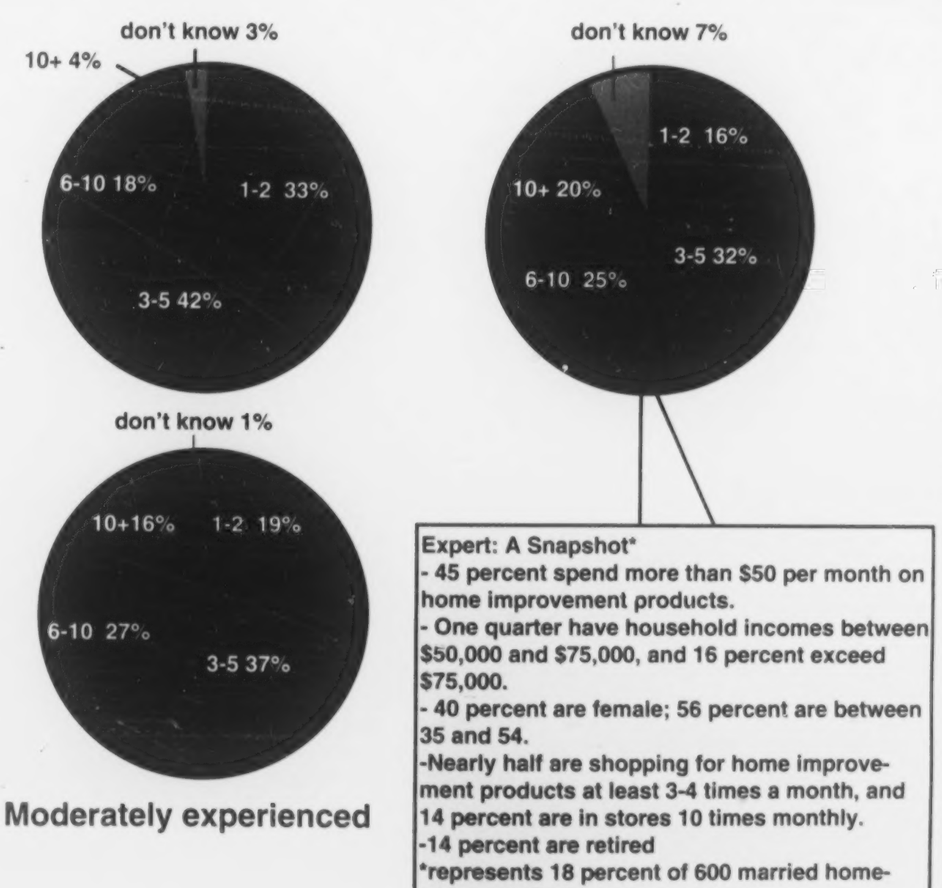


Big Spender: A Snapshot*
-27 percent say they're expert DIYers
-3 in 10 did between 3 and 5 projects the previous year; about the same number did 6 to 10 projects.
-43 percent are women ; one-third are between 35 and 44.
-30 percent have household incomes of $50K - $74K.
-one in 5 is a service worker ;1 in 7 is retired.
* represents 183 of 600 married homeowners polled who spend more than $50 a month for home improvement products.

The "Expert" DIYer is also the most active

(number of DIY projects completed in previous year)



Expert: A Snapshot*
- 45 percent spend more than $50 per month on home improvement products.
- One quarter have household incomes between $50,000 and $75,000, and 16 percent exceed $75,000.
- 40 percent are female; 56 percent are between 35 and 54.
-Nearly half are shopping for home improvement products at least 3-4 times a month, and 14 percent are in stores 10 times monthly.
-14 percent are retired
*represents 18 percent of 600 married homeowners polled.

Source (both charts): Gold Bond Building Products, Elrick & Lavidge
NHCN charts

You may recognize the two charts above, which ran in our June 22 Consumer Attitude Study. However, production gremlins caused some of the information to disappear off these charts mysteriously. While the gremlins may still be at large, we felt the information was valuable enough to rerun in full, this time with the complete data.

Lowe's revamps operations with eye on future

(Continued from page 6)
er before rushing in with plans."

Making room at the top

Another source, a buyer who recently left the chain, said that the progress in efficiency that Tillman has achieved in merchandising has yet to be duplicated on the operations side of the business. To that end, the chain has made one organizational change, and is reportedly considering another.

Last month, Lowe's hired an outside consultant, William L. Irons of Ernst & Young's Management Practices Group, to the newly-created slot of senior vp-information services. He will report directly to president Leonard Herring.

Chairman Bob Strickland said that Lowe's wanted Irons for his expertise in integrating diverse technologies in a single organization. His task will be to pull together Lowe's computer infrastructure, which comprises hardware and software from a number of disparate vendors.

In another move to focus on improving operations, several sources report that Lowe's is searching for a chief operating officer, and is looking at candidates both within and outside the company. These sources indicate that the two men with the inside track on the new slot are Tillman and executive vp Wendell Emerine.

The speculation among Lowe's watchers is that if Emerine gets the job, he may tighten up the budget so that merchandising department innovations may be slower in coming. The company is currently about nine months ahead of schedule in reorganizing the department. If Tillman gets the job, merchandising will continue to get his attention, possibly at the expense of operations.

Either way, one of the merchandising vice presidents will step into Tillman's or Emerine's job: probably Greg Bridgeford for Tillman or Larry Stone for Emerine. One of the others would move to the next available vice president slot, leaving just two merchandising vice presidents. And ultimately, the new chief operating officer would succeed either Strickland, 64, or Herring, 61.

Officials at Lowe's would neither confirm nor deny that the 307-unit retailer is looking for a chief operating officer, but a spokesman did concede that the company is always looking at the future.

"Our due diligence dictates that we constantly look from within and without the firm for the best talent to carry our company forward," said W. Clifford Oxford, Lowe's vp-corporate relations, who added that the company has no immediate plans to replace its two most senior executives.

Coast to Coast pres. to retire

(Continued from page 6)
Griffith's slot at Brookings, which services 525 of Coast's hardware dealers, will be filled by Charlie Green, the buying group's vp-management information systems.

Also moving up the ladder is Rollie Carlson, 47, the company's vp-marketing, who has been promoted to senior vp overseeing the buying group's merchandising and advertising functions.

Tumultuous later years

The 64-year-old Hoffman began his career in 1948 with the wholesale distributor Hibbard-Spencer-Bartlett which, in 1963, was purchased by Cotter & Co. He joined Coast as a buyer in 1960 and became its vp-merchandising in 1972. Ten years later Hoffman was Coast's senior vp-marketing, and also held executive positions in customer relations and operations before becoming president in 1989.

During his later years, Hoffman presided over a company, at one time servicing more than 1,000 dealers nationwide, that became the prize in a bidding war between ServiStar and its rival, Hardware Wholesalers, Inc., when in 1990 Coast was put on the block by its parent, Amdura Corp., after Amdura went into Chapter 11. ServiStar finally wound up buying Coast's assets, and signing 846 of its dealer-members, on Aug. 20, 1990 for an estimated $54 million.

Hoffman could not be reached for comment, but in a prepared statement said that it was his belief that he was leaving a company that "is strong and poised for future growth." Carlson told *NHCN* that Hoffman's decision to retire was not a surprise.

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CBS seeks bailout from ServiStar

Buying group would not assume broker's liabilities

by Gary S. Ruderman

STURGIS, Mich. — Faced with mounting cash problems that could either bankrupt its dealers or itself, Central Builders Supply, the lumber and building materials broker here, is seeking to relinquish its independence to ServiStar.

The idea of merger, which CBS' members rejected last month, was forced upon the buying group when its prime lender, Ameritrust Bank, declined on June 30 to extend it line of credit. Ameritrust, according to internal CBS documents obtained by *NHCN*, told the buying group in April that it sought to sever relations.

The deal with ServiStar, already the industry's third-largest dealer-owned buying group, is "not an acquisition and not a merger in any way, shape or form," said Al Mielcuszny, senior vp of finance for the Butler, Pa.-based ServiStar. "It's a new situation. The old CBS and [its] liabilities will not be part of ServiStar. It is a venture with the old CBS members to structure some type of an arrangement."

Mielcuszny contended in early July that the whole venture was "very iffy right now." He would not elaborate, as negotiations with CBS were still in an early phase.

(Continued on page 48)

Hechinger Co. seeks divisional president

Would also head up Home Project Centers

LANDOVER, Md. — Hechinger Co. may seek a new president to run its 11 Home Project Center stores and 76 Hechinger stores, as the corporation continues to push more operating decisions down to the divisional level.

At present, the company's Home Quarters Warehouse and Triangle Building Centers divisions have their own presidents, and Hechinger recently reorganized to run the Hechinger stores the same way, according to W. Clark McClelland, senior vice president of finance.

A new appointee would be in charge of day-to-day operations of the Hechinger stores, and be in charge of the rollout of the Home Project Center concept to new markets. Hechinger recently announced it planned to install Home Project Centers—huge departments that showcase projects for kitchen and bath, decks and millwork—in all its stores.

The corporate chain of command would remain the same, with Steve Bachand as executive vp and chief operating officer and John Hechinger Jr. as president and ceo.

"It depends whether Steve, who chairs the operating committee, needs to add an individual to fulfill his total corporate responsibilities," said McClelland. "We've talked about it and thought about it, but we're very cost-conscious."

Dealers now view lawn & garden as 'bread and butter' department

by Elizabeth Brent

NATIONAL REPORT — Dealers are making major changes in their lawn and garden departments, as they recognize the potential for sales and profits. Many are improving the upkeep of their nurseries and lengthening the selling season.

"Lawn and garden is a tremendous draw, like bread and milk is to a supermarket," said Frank Doczi, president and ceo of Home Quarters Warehouse. "I envision that it is the most frequented project."

HQ has consistently expanded its outdoor lawn and garden area so that it now occupies 40,000 square feet in its newest 100,000-square-foot units in Cincinnati.

The larger chains and warehouse companies continue to capture market share from traditional garden stores. Lowe's and Home Depot are now among the top 10 retailers for lawn and garden sales listed by the magazine *Nursery Business Retailer*.

NHCN photo

At HQ's new Cincinnati units, lawn & garden gets top billing with 40,000 square feet devoted to it.

Lawn & Garden Power Department Report begins on page 9

Getting bigger

As dealers switch from selling add-on items to major projects, they are making considerable investment in the lawn and garden category. Some have added in-store greenhouses, new watering devices, shading screens and dedicated personnel, as well as separate checkouts.

Home Depot is testing a 6,000-square-foot indoor greenhouse in two distinct markets, the Atlanta suburb of Duluth, Ga. (whose greenhouse is glass-enclosed) and the Lake Worth, Fla.. area (whose house is canvas-covered).

(Continued on page 47)

Pergament tries again with specialty format

MELVILLE, N.Y. — Pergament Home Centers is resurrecting the development of a small specialty store.

The 34-unit chain will test a 10,000-square-foot unit this fall that sells only paint, flooring and wallcovering, three categories that are among Pergament's merchandising calling cards.

The company is considering calling the store "Pergament Plus" or "Pergament Express," but has not yet decided on a name, according to chief executive officer Robert Tammero.

To roll out the prototype, Pergament has established a separate division headed by the general manager of Hoboken Paints, Arthur (Art) Clemente, who reports to Tammero.

"Murray Pergament [the chain's former ceo] obtained great franchise in the paint business for very high quality paint. Over the past [Pergament has] built a strong wall-

(Continued on page 46)

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